

# Standard Terms and Conditions of Loan Agreement

## 1. Terms and definitions

In addition to the terms and definitions indicated below, the Agreement also includes the terms set out in the general terms and conditions of the Bank.

**Base rate** is the periodically changing part of the interest rate, which is the 6-month EURIBOR or KPB or another periodically changing part of the interest rate agreed upon in the Agreement.

**Expert assessment** is an expert assessment formalised in writing or in a form which can be reproduced in writing prepared by a real estate agency accepted by the Bank and issued for the identification of the value of the Security.

**EURIBOR** (*"Euro Interbank Offered Rate"*) is the pan-European interbank interest rate in euros by which the leading banks of the European interbank money market offer each other fixed-term deposits. 6-month EURIBOR is correspondingly the interest rate offered to deposits with a 6-month term. EURIBOR is, inter alia, published on the page EURIBOR01 of the REUTERS information system or a page replacing it, according to the rules of the European interbank money market.

**Interest Rate Amendment Dates** are dates when the Base Rate is fixed according to the Agreement for the subsequent period between the Interest Rate Amendment Dates.

**KPB** is the base rate of Coop Pank AS established by the Bank. KPB is quoted and published by the Bank on its website [www.cooppank.ee](http://www.cooppank.ee) on each Banking Day, taking into consideration the current level of the money market interests and the general economic environment in Estonia and worldwide.

**Total Credit Cost** is the total amount of all the payments made by the Borrower for repayment of the Credit Amount and settlement of the interest, agreement fees and other costs known to the Bank, which is calculated as of the date of entering into the Agreement.

**Initial Annual Percentage Rate of Charge** is the Total Credit Cost to the Borrower expressed as an annual percentage of the Credit Amount taken into use or the upper credit limit, provided that the Agreement is in force within the agreed term and the Parties perform their obligations within the terms and on the conditions agreed upon in the Agreement. Upon calculation of the Initial Annual Percentage Rate of Charge, the Credit Amount, Interest Rate, Final Credit Amount Repayment Date, due dates of instalments, the Agreement Fee and other costs known to the Bank brought out in the Agreement have been taken into account and the calculation is made, provided that the entire credit is taken into use

immediately and in full. In the case of a loan with variable Base Interest Rate (e.g. EURIBOR), the calculation shall be based on the Interest Rate in force at the moment of entry into the Agreement or at the moment of amendment of the Agreement, assuming that this Interest Rate remains unchanged throughout the loan period.

**The Balance of the Credit Amount** is the amount paid out by the Bank but not repaid to the Bank.

**Term for Taking Credit Amount** into Use is the date after which the Bank has the right to refuse to pay out the outstanding amount of credit or part thereof.

**Final Date for the Repayment of Credit** is the date upon arrival of which the Borrower shall have repaid the Credit Amount to the Bank in full and performed all other monetary obligations arising from the Agreement to the Bank.

**The Agreement** is a loan agreement entered into between the Bank and the Borrower which consists of General Terms and Conditions and these Standard Terms and Conditions of Loan Agreement with all possible amendments and annexes to the Agreement that may be concluded in the future. Additionally, the Parties consider as parts of the Agreement the General Terms and Conditions of the Bank, Principles of Processing Customer Data and Price List of the Bank, which the Bank has the right to unilaterally amend, by notifying the customer thereof in accordance with the procedure and deadlines stipulated in the General Terms and Conditions of the Bank. The Standard Terms and Conditions of the Loan Agreement, the General Terms and Conditions of the Bank, the Principles of Processing Customer Data and the Price List are available on the Bank's website [www.cooppank.ee](http://www.cooppank.ee).

**Agreement Fee** is a fee payable for the analysis of the application submitted by the Borrower, organisation of the funds necessary for the disbursement of the Credit Amount and preparation of the Agreement or amendment of the Agreement.

**Payment Schedule** (repayment schedule) is an integral part to the Agreement which is prepared according to the terms and conditions of the Agreement and which indicates the number, amount and due dates of the Credit Amount instalments and Interest payments due by the Borrower to the Bank.

**Margin** is the fixed part of the Interest Rate, which is added to the Base Rate.

**Banking Day** is any calendar day when the Bank is open for service and that is not a Saturday, Sunday, a national holiday or public holiday.

**Party or Parties** is/are the Bank and the Borrower separately or jointly.

**Security** is an immovable property or surety by a third person, which secures the proper performance of the obligations of the Borrower to the Bank arising from the Agreement.

## 2. General provisions

2.1. The Bank has the right to unilaterally amend the terms and conditions of the Agreement if laws and regulations regulating consumer credit or the relations arising from the Agreement change and the amendment of the Agreement is justified by bringing the Agreement into conformity with the new laws and regulations. The Bank shall notify the Borrower of such amendments in advance. If the Borrower does not agree to the new terms and conditions, the Borrower is entitled to cancel the Agreement.

2.2. All notices between the Parties related to the Agreement shall be sent in a format which can be reproduced in writing, unless the Agreement or the legislation provides otherwise.

2.3. The Bank warns the Borrower that breaches of contractual obligations, including failure to pay contractual payments, may have serious consequences (e.g. disclosure of debt information in the debtors' database of the Credit Register, payment of interest on arrears and costs arising from the debt recovery proceedings, cancellation of the Agreement by the Bank, foreclosure of property) and may lead to difficulties in getting credit in the future.

## 3. Refusal to disburse the credit amount

3.1. The Bank is entitled to refuse to disburse the Credit Amount or part thereof to the Borrower and/or cancel the Agreement if it is discovered before disbursement of the Credit Amount or part thereof that:

3.1.1. the Borrower and/or the owner of the Security and/or the Surety Issuer has submitted false information to the Bank on their solvency and/or value of the Security and/or other material circumstances, or;

3.1.2. the Borrower has not used the already disbursed part of the Credit Amount according to its intended purpose, or;

3.1.3. the preconditions for the disbursement of the Credit Amount or part thereof have not been fulfilled and/or the Term for Taking the Credit Amount into use has expired, or;

3.1.4. the creditworthiness of the Borrower has deteriorated to the extent that the repayment of the Credit Amount may prove difficult in the opinion of the Bank, or;

3.1.5. at the time of disbursement of the Credit Amount or part thereof, the Borrower's account(s) has/have insufficient funds to pay the Agreement Fee, or;

3.1.6. the Borrower has a due debt to the Bank arising from the Agreement or another Credit Agreement concluded with the Bank, or;

3.1.7. the Borrower has failed to submit to the Bank by the required term an expert assessment and/or other documents or the information in the expert assessment or other documents submitted to the Bank is incorrect or the value of the Security has significantly decreased and the Borrower has failed to perform in a timely manner the obligation to establish an additional Security, or;

3.1.8. the Borrower fails to duly perform one or more of the obligations to the Bank or third persons arising from the Agreement and/or agreement(s) entered into for securing the Agreement, and the Bank has notified the Borrower of the respective violation(s) and set an additional term for elimination and/or termination of the violation(s), but the Borrower has not terminated the violation within the specified term, or;

## 4. Calculation of interest

4.1. The interest is calculated by the Bank. The interest is calculated on the balance of the Credit Amount from the date of disbursement of the Credit Amount or its first instalment until the full repayment of the Credit Amount. Upon calculation of the Interest Rate, the Bank shall proceed from a 360-day year. In order to calculate the interest payable, the balance of the Credit Amount is multiplied by the Interest Rate, the result is multiplied by the number of actual days during the period for which the interest is calculated, and the result is divided by 360.

4.2. On the Base Rate Amendment Date the Bank will fix the new Base Rate on the basis of the Base Rate published 2 banking days before the said date, and it will remain valid until the next Base Rate Amendment Date.

4.3. If the Base Rate under the Agreement is KPB (the base rate of Coop Pank AS), then upon entry into the Agreement the base rate established on the website of the Bank on the previous Banking Day shall be taken as the basis. According to the Base Rate Amendment Dates provided in the Agreement, the Bank shall determine the new Base Rate proceeding from the Base Rate published on the website of the Bank on the said dates and this shall apply until the next Base Rate Amendment Date.

4.4. The Margin shall be amended only upon entry into a mutual agreement between the Parties and the amendment shall become effective within 2 Banking Days from entry into the respective amendment.

4.5. The Bank replaces the base rate with a new base rate specified in the agreement and, if necessary, changes the terms and conditions for the calculation of interest, if::

4.5.1. the base rate is not available;

4.5.2. the base rate administrator or its supervisory authority has publicly announced that the base rate administrator has terminated or plans to terminate the publication of the base rate permanently or indefinitely and, at the moment of public announcement, the administrator has no legal successor who would continue the publication of the base rate;

4.5.3. the supervisory authority of the base rate administrator has publicly announced that, in its opinion, (i) the base rate is no longer representative or becomes non-representative, and (ii) the representativeness of the base rate will not be restored;

4.5.4. use of the base rate is not permitted;

4.5.5. the methodology for calculating the base rate has significantly changed; or

4.5.6. the base rate cannot be applied due to another

circumstance that is not under the control of the bank.

4.6. The Bank shall replace the base rate specified in the agreement with a new base rate proceeding from the following principles:

4.6.1. the €STR (euro short-term rate) is applied first of all and the forward-looking methodology shall be used;

4.6.2. if the new base rate €STR, which is calculated using the forward-looking methodology, is not available or its use is declared unsuitable by the European Commission, a national supervision authority or another competent authority, the base rate determined or recommended by the European Commission, the national supervision authority or another competent authority shall be applied as the new base rate.

4.7. The Bank shall inform the client of the date of entry into force of the new base rate (hereinafter referred to as the replacement date). If the base rate specified in the agreement entered into with the client cannot be used, the interest rate to be used shall be calculated on the basis of the last fixed base rate until the replacement date or until the date the base rate is changed after the base rate becomes available again.

4.8. Upon replacement of the base rate, the possible agreements on the equalisation of the negative base rate with 0.00% and application of the minimum interest rate set out in the contract entered into with the client shall remain in force.

4.9. In order to ensure the economic equivalence of the new base rate, the bank has the right, upon replacement of the base rate, to adjust the margin on the basis of which the interest rate specified in the contract entered into with the client is calculated. The margin is adjusted in accordance with the provisions of law or another legal act as well as the guidelines or recommendations issued by the European Commission, a national supervisory authority or another competent authority. The bank shall inform the client of the entry into force of the new margin with the notice of the replacement date.

4.10. Further information about the base rate €STR can be found on the website of the European Central Bank at [www.ecb.europa.eu](http://www.ecb.europa.eu).

4.11. The client has the right to cancel the credit agreement early and without paying the compensation related to early repayment to the bank within 60 days of receipt of the notice of the replacement date by notifying the bank thereof and performing all the obligations arising from the credit agreement. If the client fails to perform all the obligations arising from the credit agreement within the aforementioned 60 days, it shall be deemed that they have agreed to all the changes related to the replacement date.

## 5. Preparation and issue of payment schedule

5.1. The Payment Schedule shall be prepared by the Bank within 1 Banking Day after the disbursement of the Credit

Amount or part thereof and/or amendment of the terms and conditions of the Agreement (including the periodic amendment of the Interest Rate).

5.2. The Payment Schedule is made available to the Borrower free of charge in the Internet Bank, but at the request of the Borrower, the Bank shall issue the Payment Schedule to the Borrower at the e-mail address provided in the Agreement or in a written notice submitted to the Bank later. The Borrower undertakes to immediately notify the Bank if the Borrower has not received the Payment Schedule. The Borrower must comply with the payment due dates even if he/he has not received the Payment Schedule.

## 6. Early repayment of the credit amount

6.1. The Borrower is entitled to repay the Credit Amount or part thereof before the Final Credit Amount Repayment Date by notifying the Bank thereof in writing at least 3 months in advance, unless the Agreement provides otherwise. If the Borrower wishes to repay the Credit Amount or part thereof with a shorter advance notice, the Borrower is required to pay compensation to the Bank for the expenses related to the early repayment of the Credit Amount or part thereof to the extent provided for in the Price List.

6.2. The application of the Borrower for early repayment of the Credit Amount or part thereof shall include the explicit wish of the Borrower on the early repayment of the Credit Amount or part thereof, and the application shall also include the specific date and amount of the intended early repayment of the credit. The period of advance notice shall commence as of the date on which the Bank received the written application of the Borrower.

6.3. Upon receipt of the application for early repayment of the Credit Amount or part thereof, the Bank shall prepare a new Payment Schedule which shall reflect the amount of the Credit Amount repaid by the Borrower before the prescribed term and the due date for its payment.

6.4. If the Borrower fails to repay the Credit Amount subject to an early repayment within 14 calendar days after the due date indicated in the application, the early repayment of the Credit Amount shall be deemed not to have taken place and the Bank shall prepare and send to the Borrower a new Payment Schedule without the obligation of early repayment of the Credit Amount.

6.5. The compensation related to the early repayment shall be paid and other payments related to the Agreement (e.g. Agreement Fee, Contractual Penalty, etc.) shall be made to the Bank on the day of early repayment of the Credit Amount.

6.6. If the Base Rate is KPB, then upon increase of the Base Rate, the Borrower has the right to cancel the Agreement within 1 month from the amendment of the Base Rate and to repay the entire Credit Amount before the prescribed term without paying the early repayment fee.

## 7. Value of the security

7.1. The expected value of the Security is the market value

specified in the expert assessment or in a Bank assessment. In the case of immovable under construction, the expected value is the market value after the completion of construction work (i.e. future market value) specified in the expert assessment or in the Bank assessment. Upon amendment of the Agreement, the expected value of the Security is the market value specified in the most recent expert assessment submitted to the Bank and/or in the Bank assessment.

7.2. In case the value of the Security decreases (e.g. an insured event has occurred in case of which no insurance indemnity is paid, or the market value of the Security has decreased or the Borrower or the owner of the Security has rented or leased out the asset constituting the Security without a prior approval of the Bank, or a claim for payment has been made to the asset constituting the Security, or other substantial circumstances occur), the Bank is entitled to demand the establishment of additional Security (Securities) by the Borrower. The Borrower is required to establish the additional Security (Securities) in favour of the Bank within 1 month after receipt of a respective demand from the Bank.

## 8. Insurance

8.1. The Borrower shall insure the Security (Securities) at the insurer accepted by the Bank to the extent of the total recoverable value of the insured object(s), thereby determining the fire, water, vandalism and natural disasters as insured risks, and the Bank as a beneficiary. The Borrower is entitled to amend the above mentioned terms and conditions of the insurance contract only with a prior written consent of the Bank, except for the case when the Borrower wishes to increase the sum insured or the number of insured risks.

8.2. The Borrower and/or the owner of the Security shall notify the insurer of the fact that the Security of the Loan is encumbered with a mortgage in favour of the Bank.

8.3. Unless the Parties agree to restore the construction work(s) on account of the insurance indemnity paid by the insurer, the Bank shall pay the Borrower from the insurance indemnity paid to the Bank the amount which remains after full settlement of the claims of the Bank arising from the Agreement.

8.4. The Borrower submits to the Bank a new insurance policy certifying the conclusion of a new insurance contract or the extension of the term of the existing insurance contract by the expiry date of the valid insurance policy at the latest. Instead of the insurance policy, the Bank also accepts another written communication from the insurer which is previously agreed upon with the Bank, in which the essential terms and conditions of the insurance contract are reflected.

## 9. Other obligations of the borrower

9.1. The Borrower shall use the Credit Amount for the intended purpose specified in the Agreement. The Borrower shall submit to the Bank a documented overview of the intended use of the Credit Amount within 5 banking days from receipt of the respective request

from the Bank.

9.2. The Borrower shall allow the Bank to inspect the Borrower's economic situation and the condition of the Security, as well as to review the relevant documentation and assets, in order to assess the credibility of the information provided by the Borrower, his/her creditworthiness and the value of the Security, until the Borrower fully performs its contractual obligations. The Borrower shall submit to the Bank a documented overview of the above mentioned circumstances and/or allows the Bank's representative to review the security within 5 banking days from the receipt of the respective request from the Bank.

9.3. In the case of a significant reduction of income or substantial increase in monetary obligations of the Borrower or the Surety Issuer, or if a bankruptcy proceeding is initiated against the Surety Issuer, the Borrower shall present a new Surety Issuer accepted by the Bank or provide the bank with an additional satisfactory security within 1 month after receiving the respective demand from the Bank.

9.4. The Borrower has no right to close his/her account in the Bank until the full performance of the obligations arising from the Agreement.

## 10. Interest on arrears

10.1. If the contractual payment is delayed, the Borrower is required to pay to the Bank interest on arrears calculated on the outstanding amount for each delayed day on the basis of the default interest rate specified in the Bank's Price List.

10.2. Interest on arrears is not calculated on those outstanding amounts, from which it is not lawful to calculate interest on arrears.

10.3. The payment of interest on arrears does not exempt the Borrower of the performance of his/her contractual obligations.

## 11. Cancellation of agreement

11.1. The Bank has the right to unilaterally cancel the Agreement and demand the payment of the outstanding Credit Amount, outstanding Interest, Agreement Fee, Interest on Arrears and Contractual Penalty, and the performance of other claims under the Agreement by notifying the Borrower thereof in a form which can be reproduced in writing, if any one or several cases specified below occur:

11.1.1. the Borrower has deliberately not submitted to the Bank the information necessary for the assessment of his/her creditworthiness or has falsified the information submitted to the Bank, or;

11.1.2. the Borrower is in partial or full delay with at least 3 consecutive repayments and has not paid the outstanding amounts within 2 weeks after the receipt of a corresponding request from the Bank, or;

11.1.3. in the opinion of the Bank, the creditworthiness of the Borrower and/or the Surety Issuer has seriously

deteriorated which makes the due performance of the Agreement doubtful, or;

11.1.4. in the opinion of the Bank, the value of the Security has significantly decreased and the Borrower has not established an additional Security in favour of the Bank, or;

11.1.5. the Borrower fails to duly perform the obligations arising from other agreement(s) entered into with the Bank and/or any subsidiary (subsidiaries) belonging to the Bank Group, or;

11.1.6. the Borrower violates substantially other terms and conditions of the Agreement.

11.2. Upon cancellation of the Agreement, the Bank is entitled to demand until complete repayment of the Credit Amount from the Borrower compensation for any damage caused to the Bank due to any delay in the repayment of the Credit Amount. The calculation of the amount of damage by the Bank shall be based on the Interest Rate in force on the day of cancellation of the Agreement and the outstanding Credit Amount.

11.3. If the Credit Amount or part thereof was disbursed before the precondition for disbursement had been fulfilled, the Bank has the right to cancel the Agreement and demand immediate early repayment of the Credit Amount or part thereof if the corresponding precondition is not fulfilled within the term provided by law or, in the absence of such a deadline, within a reasonable time period.